

AGENCY FOR
INTERNATIONAL
DEVELOPMENT



ANNUAL BUDGET SUBMISSION
FY 1981

INDIAN OCEAN

DEPARTMENT
OF
STATE

MAY, 1979



Proposed Annual Budget Submission - FY 1981

Indian Ocean States
(Comoros, Madagascar, Mauritius, Seychelles)

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Mission Approval:

This document was not reviewed at Mission

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Decision Unit: Indian Ocean States

Development Assistance Agriculture, Rural Dev. & Nutrition	FY 1979	FY 1980	FY 1981 REQUEST			PLANNING PERIOD			
	<u>Est.</u>	<u>Est.</u>	<u>Min.</u>	<u>Current</u>	<u>AAFL</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Grants:									
Seychelles	450	570	500	500	500	0	0	0	0
Indian Ocean	0	0	500	1,000	1,500	2,000	2,000	2,500	2,500
Loans	0	0	0	0	0	0	0	0	0
Selected Dev. Activities									
Grants:									
Mauritius	250	250	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0	0
Security Supporting Asst.:	0	0	0	0	0	0	0	0	0
TOTAL DA AND SSA	700	820	1,000	1,500	2,000	2,000	2,000	2,000	2,000

PL 480 (non-add)									
Title I									
Mauritius (of which none is Title III)	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Title II									
Madagascar	2,200	2,100	2,850	2,850	2,850	2,850	2,850	2,850	2,850
Mauritius*	486	768	750	750	750	750	750	750	750
Seychelles	198	179	200	200	200	200	200	200	200
Housing Guarantees (non-add)									
Mauritius	0	10,000	0	0	0	0	0	0	0

*WFP activity, not part of AID's regular FFP program

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT

FY 1979 - FY 1981

(Thousands \$)

DECISION UNIT

Indian Ocean

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APPROPRIATION ACCOUNT/PROJECT NO./TITLE	L/G	FY 1979	FY 1980	FY 1981		
				Minimum	Current	AAPL
<u>Agriculture, Rural Development & Nutrition</u>						
Seychelles						
662-0001 Food Crop Research	G	450*	570**	500	500	500
Indian Ocean						
() Regional Agr Research & Training	G	0	0	500	1,000	1,500
<u>Selected Development Activities</u>						
642-0001 Mauritius Shelter Project	G	250	250	0	0	0
TOTAL SSA	-	0	0	0	0	0
TOTAL DA AND SSA	G	700	820	1,000	1,500	2,000

*See Table III-A

**See Table III-B

EXPLANATORY ANNEX TO TABLE III

Decision Unit: Seychelles

Table III-A

<u>Project No.</u>	<u>Change (+ or -)</u> <u>(\$000)</u>	<u>Explanation of Change in</u> <u>FY 79 Funding Level</u>
662-0001	+ 250	Increase in scope of program intended to provide completer coverage of potential crops

Table III-B

		<u>Explanation of Change in</u> <u>FY 80 Funding Level</u>
662-0001	+ 370	Increase in scope of program intended to provide completer coverage of potential crops

TABLE IV PROJECT BUDGET DATA

DECISION UNIT
Indian Ocean

PROJECT			OBLIGATION DATE		DATE OF NEXT PLANNED NON-ROUPLINE EVAL.	CUM. PIPELINE AS OF 9/30/78	ESTIMATED U.S. DOLLAR COST (\$000)								FUTURE YEAR OBLIGATIONS	
							FY 1979		FY 1980				FY 1981 APL OBLIG.	FORWARD FUNDED TO (MO/YR)		
NUMBER	TITLE	G/L	INITIAL	FINAL			OBLIG.	EXPEND.	CUM. PIPELINE	OBLIG.	EXPEND.	CUM. PIPELINE			FY 1982	FY 1983 & BEYOND
662-0001 (to be assigned)	Agriculture, Rural Development and Nutrition Seychelles	G	79	81	n/a	0	450	204	246	570	520	296	500	n/a	0	0
	Food Crop Research	G	81	85	n/a	0	-	-	-	-	-	-	1,500	n/a	2,000	2,000 pa
	Indian Ocean Regional Agric. Research & Trng	G														
642-0001	Selected Development Activities Mauritius	G	79	80	n/a	0	250	125	125	250	250	125	0	n/a	0	0
	Mauritius Shelter Project	G														
	Total, all programs	G	--	--	n/a	0	700	329	371	820	770	421	2,000	n/a	2,000	2,000 p.a.
	-- PL 480 (non-add)															
	Madagascar	-	n/a	n/a	n/a	n/a	2,200	--	--	2,100	--	--	2,850	--	2,850	2,850
	Mauritius	-	n/a	n/a	n/a	n/a	3,286	--	--	3,568	--	--	3,550	--	3,550	3,550
	Seychelles	-	n/a	n/a	n/a	n/a	198	--	--	179	--	--	200	--	200	200
	-- HIGs (non-add)															
	Mauritius	-	n/a	n/a	n/a	n/a	--	--	--	10,000	--	--	0	--	0	0

Table IV-A

Africa Bureau Regional Projects*

Project Title/Number	Estimated Funding Requirements (\$000)		
	FY 79	FY 80	FY 81
African Manpower Development Program (AMDP) 698-0384.22			
Direct Training	50	50	50
AFGRAD	26	17	17
	<hr/>	<hr/>	<hr/>
TOTAL	76	67	67

*Figures from AFR/RA
(Paul Struharik)

Table IV-A

Africa Bureau Regional Projects*

Project Title/Number	Estimated Funding Requirements (\$000)		
	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>
African Manpower Development Project (AMDP) 698-0384.26 (all direct training)	0	50	50
Audio-Visual Aids to Extension, 698-0410.19	125	0	0
TOTAL	<u>125</u>	<u>50</u>	<u>50</u>

*Figures from AFR/RA
(Struharik & Yates)

INDIAN OCEAN REGIONAL

The four Indian Ocean nations of the Comoro Islands, Madagascar, Mauritius, and the Seychelles are politically distinct entities, yet they share a wide range of common economic and social problems. Each is faced with overcoming widespread poverty and a minimum of natural and human resources for the task. Insular development in tropical areas is amenable to assistance efforts cutting across national boundaries and focussed on shared problems. AID, therefore, proposes to develop a strategy for assisting these countries by moving toward the implementation of multi-country development projects.

Because a large proportion of the poorer residents are engaged in subsistence agriculture, it is felt that this area offers the greatest potential to improve the incomes and welfare of the greatest number of people. It is proposed to use the Food Crop Research project (662-0001) begun in the Seychelles in FY 79 as the nucleus of an expanded effort in research and training which will encompass the other islands. In effect, this new project would extend agricultural research activities, developing improved agronomic practices, soil/water management, and better crop varieties in each country, building on experience in each and establishing linkages between the appropriate institutions in each for a cross-sharing of information.

It is also proposed that to the extent such projects are appropriate to the needs of the islands, centrally funded and Bureau regional resources will be tapped in a systematic approach to channel additional resources toward alleviating recognized problem areas. Renewable energy is such an area identified, where AID is already engaged in centrally-funded activities, and which is appropriate to these countries whose citizens rely 100% on imported petroleum products.

Title: Regional Agriculture Research and Training

Number: (to be assigned)

Life of Project:	Grant	\$10,500,000
	Loan	-0-
	Total	\$10,500,000

Initial Obligation: FY 81: Grant \$1,500,000

Estimated PACD: FY 85

Purpose: To conduct research and training in food and cash crops appropriate to the agricultural conditions common to the island nations of the Indian Ocean area.

Background: Except for Madagascar, the Indian Ocean countries are very densely populated and have limited land available for small-scale agriculture. These countries, furthermore, share a similar climatic zone with similar problems and solutions. Unless crop varieties and farming techniques can be developed which permit small plots to produce sufficient food for local consumption and sale as cash crops, the poor rural residents will be unable to achieve improvements in their standard of living. The soils and climatic patterns of the islands are sufficiently different from those of the African mainland to require development of crops and techniques uniquely suited to island cultivation. The Seychelles Food Crop Research project, funded initially in FY 1979, provides a rational base on which to expand activities to benefit other Indian Ocean countries. The project here proposed would be designed to expand research and training to cover not only the Seychelles and Mauritius, but Madagascar and the Comoro Islands should these latter enter the program. The absence of a regional political institution with which to work dictates that the project must work on a bilateral basis relative to each country, but the commonality of approach required to identify and develop improved varieties and cultivation techniques argues for one project and not four separate ones.

Host Country and Other Donors: Possible involvement of other donors has not yet been clarified sufficiently to allow an assessment of the degree of coordination required.

Beneficiaries: The direct beneficiaries of this activity will be the small farm cultivators throughout the islands participating. Both productivity and income are intended to increase as a result of improved techniques and introduction of crops particularly suitable for island conditions. Due to the small size of the islands, it is anticipated that a large proportion of the small farmers will be direct beneficiaries of this program.

FY 81 Program: To be defined based on further study.
Major Outputs: To be defined based on further study.
AID Financed Inputs: To be defined based on further study.

Table V

Not used. Only one project proposed.

Table VI: Project Summary

Table VII: OE Funded Personnel

Table VIII: Operating Expense Summary

Table IX: Position Requirements

Not used. No personnel requirements for these countries.

No USAID Mission or ADO has been established in the Comoros, Mauritius, or the Seychelles and the former Mission in Madagascar was closed some years ago. It is not proposed to station AID personnel in any of these countries. Project management will be handled through REDSO/EA

Table X: Special Concerns

Not used. Further design on the proposed Regional project will be needed before the various special concerns which it addresses can be costed individually.

PL 480

General

Because of the wide differences in local activity PL 480 narratives and tables are provided for all countries concerned.

Overview: Madagascar

No USAID Mission exists in the Malagasy Republic and conventional development assistance is not provided. Accordingly, a formal development strategy for Madagascar has not been elaborated. US Embassy Antananarivo has identified PL 480 Title II commodities, provided through a Private Voluntary Organization, as foreign assistance instruments which can make a contribution to relieving basic human needs within the restraints of the present political situation.

Title II assistance chiefly addresses the needs of maternal-child health and school feeding. The data base presently available does not allow a good estimate of the quantities that would be needed for full implementation of the program throughout Madagascar.

Operational Plan: Madagascar

The distribution agency, Catholic Relief Services, has not submitted an advance plan. Data are based on current planning.

Agency Agreements: CRS does not operate under an agreement negotiated between the Malagasy Government and the U.S. Government. However, the CRS-GDRM agreement provides support including duty-free entry of commodities and reduced rates on the (state-owned) railway system.

Area, Scope, Conditions: The program is nation-wide. Its major emphasis is on mothers, who attend organized clinic sessions and participate in a program of education and training. An AAG/AFR study, however (Report 3-687-78-28), found that inadequate control and record-keeping created some question as to the real effectiveness of the program.

Control Records - Receipting Procedure/Auditing: CRS/Madagascar has been tasked with correction of deficiencies in these areas noted by the above study.

Storage Facilities: Storage facilities adequate for the program's needs are available in Madagascar.

Disincentives: Madagascar is a rice deficit nation and has been obliged to import heavily in recent years to supplement local production. The other commodities provided are produced in small amounts or not at all. The entire local production finds a market and importation of Title II foods does not create a disincentive.

TABLE XIII

PL 480 TITLE II FY 1981

Country: Madagascar

Sponsor's Name: Catholic Relief Services

A. Maternal and Child Health Total Recipients: 91,800

<u>No. Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>Kgs</u>	<u>Dollars</u>
91.8	CSM	2281	604
91.8	NFDM	775	274
91.8	Rice	1915	557
91.8	Veg. Oil	<u>510</u>	<u>452</u>
Total MCH		5481	1887

B. School Feeding Total Recipients: 18,500

<u>No. Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>Kgs</u>	<u>Dollars</u>
18.5	CSM	445	118
18.5	NFDM	152	54
18.5	Rice	373	108
18.5	Veg. oil	<u>98</u>	<u>87</u>
Total School Feeding		1068	367

C. Other Child Feeding Total Recipients: 1,200

<u>No. Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>Kgs</u>	<u>Dollars</u>
1.2	CSM	55	14
1.2	NFDM	18	5
1.2	Rice	46	13
1.2	Veg. oil	<u>12</u>	<u>11</u>
Total Other Child Feeding		131	43

D. Food For Work Total Recipients: 5,000

<u>No. Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>Kgs</u>	<u>Dollars</u>
5.0	CSM	23	6
5.0	Rice	295	86
5.0	Veg. oil	<u>40</u>	<u>35</u>
Total Food for Work		358	127

(continued)

E. General Relief Total Recipients: 4,000

<u>No. Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>Kgs</u>	<u>Dollars</u>
4.0	CSM	21	6
4.0	Rice	292	86
4.0	Veg. oil	<u>35</u>	<u>31</u>
Total General Relief		348	123

Total Recipients 120,500

Total Commodities 7,386 metric tons

Total FAS value \$2,547,000

Total CIF value \$2,850,000

Mission Review: Madagascar

As noted above, no USAID Mission exists. FFP determined that the CRS plan could be endorsed by the Agency. The program has been audited by AAG/AFR. Recommendations were made to increase management control by CRS and oversight by the US Embassy representative. CRS has undertaken a general program of improvements in its management of programs in East African countries and a review of its progress will be scheduled by the Auditor General at a future date. The audit mentioned found no deficiencies in the storage facilities used by the program.

Overview: Mauritius

No USAID Mission exists in Mauritius, but US Embassy Port Louis has identified PL 480 Title I rice as a foreign assistance instrument which can make a contribution to basic human needs and simultaneously contribute to support of efforts for equitable growth. Terms of an agreement were being negotiated as of preparation of this ABS. It is proposed to use funds generated by this program for support of development on the isolated outer islands of the Republic, which are now far below the poverty line and yet too difficult of access for significant development to be undertaken by the Mauritian government from its own resources.

Title I assistance will chiefly address the needs of the lower income population on the main islands, generating resources for use as above. Mauritius is a rice deficit area because of the general reliance on sugar cane as a cash crop and the need to import food is a severe burden on an economy strained by the world slump in sugar prices. The entire domestic food crop finds a ready market and importation of Title I rice will not constitute a disincentive to local production.

The data base presently available does not permit food-deficit projections. Adequate information may be developed during the course of current US - Mauritian negotiations and planning will be refined as appropriate when this becomes possible.

Title II commodities are provided through UN/FAO World Food Program and are, therefore, not included in the PL 480 section of this ABS.

TABLE XI

Country: Mauritius

P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

<u>Commodity</u>	<u>FY 1979</u>	<u>Agreement</u>	<u>Shipment</u>	<u>Carryin to</u>
		<u>\$</u> <u>MT</u>	<u>\$</u> <u>MT</u>	<u>next FY</u>
				<u>\$</u> <u>MT</u>
Rice	2.8 10,000	2.8 10,000	2.8 10,000	<u>none none</u>
	<u>FY 1980</u>			
Rice	2.8 10,000	2.8 10,000	2.8 10,000	none none
	<u>FY 1981</u>			
Rice	2.8 9,890	2.8 9,890	2.8 9,890	none none

Of which
Title III is none

TABLE XII

These data are not available for Mauritius

Overview: Seychelles

No USAID Mission exists in the Seychelles. Accordingly, a development strategy for the use of PL 480 commodities has not been fully elaborated. US Embassy Victoria has identified PL 480 Title II commodities, provided through a Private Voluntary Organization, as an effective instrument for contributing to the basic human needs of the poor within the limits of the managerial resources available.

Title II assistance addresses the needs of maternal-child health and school feeding. The data base presently available does not allow an assessment of the program's impact, but improvements in program management are expected to permit such an evaluation in the near future.

Operational Plan: Seychelles

The distribution agency, Catholic Relief Services, has not submitted an advance plan. Data are based on current planning.

Agency Agreements: CRS does not operate in the Seychelles under an agreement between the Government of the Seychelles and the US Government, but rather under (a) a general agreement between AID and CRS/New York and (b) between CRS and its local agent, the Union Chretienne Seychellois (UCS). UCS receives government support for the program, including duty-free entry of commodities.

Area, Scope, and Conditions: The program has been implemented on the main islands. Its emphasis is on mothers with pre-school children and, secondarily, on schoolchildren. Maternal-child health clinics and programs of education and training are stressed, but the size and degree of training of the UCS staff creates some question as to the real effectiveness of these programs.

Control Records - Receipting Procedures/Auditing: CRS and UCS have been tasked repeatedly with correction of deficiencies in these areas. A low degree of management control has plagued this activity since 1968.

Storage Facilities: Storage facilities adequate for the program's needs are available in the Seychelles.

Disincentives: The Seychelles are obliged to import heavily to meet local food requirements. The entire domestic production finds a market and the small amount of Title II commodities imported under this program does not create a disincentive.

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TABLE XIII

PL 480 TITLE II FY 1981

Country: Seychelles

Sponsor's Name: Catholic Relief Services/Union Chretienne Seychellois

A. Maternal and Child Health Total Recipients: 7,600

<u>No. Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>Kgs</u>	<u>Dollars</u>
7.6	NFDM	158.2	47.1
7.6	Rice	158.2	39.0
7.6	Veg. oil	<u>39.5</u>	<u>28.7</u>
Total MCH		355.9	114.8

B. School Feeding Total Recipients: 4,000

<u>No. Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>Kgs</u>	<u>Dollars</u>
4.0	NFDM	81.3	24.3
4.0	Rice	<u>81.3</u>	<u>20.1</u>
4.0	Veg. oil	<u>20.5</u>	<u>14.8</u>
Total School Feeding		183.1	59.2

C. Other Child Feeding Total Recipients: 700

<u>No. Recipients by Commodity</u>	<u>Name of Commodity</u>	(Thousands)	
		<u>Kgs</u>	<u>Dollars</u>
0.7	NFDM	15.7	4.5
0.7	Rice	15.7	3.9
0.7	Veg. oil	<u>3.8</u>	<u>2.8</u>
Total Other Child Feeding		35.2	11.2

Total Recipients 12,300

Total Commodities 574.2 metric tons

Total FAS value \$185,200

Total CIF value \$200,000

Mission Review: Seychelles

As noted above, no USAID Mission exists. FFP determined that the CRS/UCS plan could be endorsed by the Agency. The program has been audited by the Area Auditor General; recommendations were made to improve program handling by UCS, increase management control by CRS, and increase oversight by a representative from the Embassy. CRS has undertaken a general program of improvement in its East African operations and a review of progress will be scheduled by the AAG at a future date. The audit mentioned found no defects in the physical storage facilities used by the program.

ANNUAL BUDGET SUBMISSION FY 1981 :

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INDIAN OCEAN

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AFRICA REGIONAL

1979

ANNUAL BUDGET SUBMISSION